



---

## **PRESS RELEASE**

---

**FOR IMMEDIATE RELEASE**  
Thursday, December 2, 2004

For Information Contact Public Affairs  
SANDY RAYNOR  
Telephone: (602) 514-7625  
Cell: (602) 525-2681

### **PHOENIX MAN SENTENCED TO 14 MONTHS IN PRISON FOR STUDENT LOAN FRAUD**

PHOENIX –The U.S. Attorney's Office for the District of Arizona, announced that on November 29, 2004, James Joseph Stevens, DOB 3/23/54, of Phoenix, was sentenced to 14 months in prison by Judge Stephen M. McNamee in federal district court in Phoenix.

Stevens had entered a plea of guilty on August 26, 2004 to Conspiracy to Commit Bank Fraud, a violation of Title 18, U.S. Code, Section 371. Stevens admitted that while he was an employee of Valley Acceptance Corp., a collection agency specializing in defaulted student loans, he conspired with the company president to submit to SunTrust Bank of Richmond, Va., fraudulent applications for new, consolidated student loans. The overall scheme generated in excess of \$1 million in commissions for the company.

Stevens admitted his part in the scheme was to misrepresent that the applicants were in a repayment status on their prior loans rather than listing their true default status. The false applications also falsely indicated that the applicants had made six payments on their prior loans so that they would qualify for new bank loans that were federally insured by the U.S. Department of Education. The false information was added to the applications after having been signed by the borrowers. Stevens admitted to preparing 86 fraudulent applications, of which 38 were subsequently defaulted by the borrowers causing a loss of \$187,664, most of which was ultimately paid through insurance from the Department of Education.

-MORE-

Judge McNamee noted during the sentencing proceeding that approximately half of the defaulted consolidated loans obtained through Stevens' personal involvement in the conspiracy had been paid off by the actual borrowers and that there was a reasonable expectation that future payments by the borrowers on the remaining defaulted loans would further reduce the actual loss to the government. Stevens was also ordered to make restitution as to the remaining loss.

United States Attorney, Paul K. Charlton, remarked that his office "will continue its dedication to vigorously prosecute individuals who use fraudulent means to obtain government benefits." United States Department of Education Inspector General, John P. Higgins, Jr., stated that "this sentence will serve to protect the integrity of federal higher education programs administered by this agency."

The investigation preceding the indictment was conducted by Special Agents from the FBI and the Office of the Inspector General, U.S. Department of Education..

The prosecution was handled by Richard I. Mesh, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-04-0276-003-PHX-SMM  
RELEASE NUMBER: 2004-190

# # #